

## 1. Fund Manager’s Commentary

The Girik Multicap Growth Equity Strategy is inspired by the CANSLIM philosophy of stock picking developed by American investor William J. O’Neil. The goal of this strategy is to identify leading companies from leading industry groups that show sharp acceleration in earnings, newness in products or change in management and suggests buying them at the right price with enough margin of safety ahead of the company’s major stock price advance.

Over the past few decades, India has witnessed an extraordinary shift in its corporate landscape, characterized by significant earnings growth. Not only have the profits of large companies surged, but the depth of profitable companies has expanded substantially. A closer look at the numbers reveals a remarkable trend: the number of companies generating Profit After Tax (PAT) exceeding Rs. 10,000 crore has surged from just 5 in March 2013 to 30 in September 2024. Similarly, companies with profits exceeding Rs. 100 crore up to Rs.499 crores have increased, from 215 in March 2013 to 462 in September 2024.

This earnings growth has been mirrored by a substantial rise in market capitalization. The number of companies with a market cap of over Rs. 10,000 crore increased from 145 in December 2014 to 546 in December 2024. Moreover, those with a market cap exceeding Rs. 2,500 crore up to Rs. 4,999 crore have more than doubled, growing from 118 to 262 in the same period. This expansion of the earnings pool and the increasing number of companies making profits above Rs. 100 crore per year has broadened the investible universe, making it more diverse, liquid, and attractive for investors. However, many large funds and index funds often ignore smaller companies, until they reach a certain threshold of market capitalization, leaving a gap in the market, creating a significant edge for active portfolio managers.

At Girik, we try to focus on identifying early-stage, high-growth companies using a factor-based investing approach, where we evaluate key attributes that drive superior returns. We prioritize factors such as earnings growth acceleration, market leadership, newness, scalability, and the strength of the management team. By identifying companies with the potential for rapid growth, innovative products, and strong competitive positions, we aim to invest in businesses that can achieve long-term success and generate significant returns for our investors.

